

REPORT OF THE SOCIAL SECURITY TRUSTEES

Mr. KERREY. Mr. President, I have, as well as the Senator from Wyoming, come to the floor to comment on the Social Security trustees' report, which is one more piece of evidence that this Congress needs to act sooner rather than later to change our entitlement programs, specifically our retirement programs and our health care programs. The longer we wait, the more likely it is that we will face very, very difficult choices and it will unfairly punish people for our delay. While it is not a crisis in 1995, that should not be justification for our not taking action as, unfortunately, is often the case.

One additional point, Mr. President. I believe the trustees' report itself makes a very strong case for changing the law so that we have a different kind of trustee relationship. Four of the six trustees are members of the executive branch, the administration. And while I trust each one of them, I do not believe they have the kind of independence that the American people need in order to have a recommendation upon which we can act.

They say in their recommendation there is no real urgency; let us wait until the clock ticks a little further.

I believe an independent board is needed, Mr. President. Otherwise, the American people are not going to acquire the sense of urgency to act. As a consequence, this Congress may be encouraged to delay longer than is wise.

I thank the distinguished Senator from Wyoming for yielding time.

The PRESIDING OFFICER. The Senator from Wyoming has 8 minutes remaining.

TRUSTEES' REPORT ON SOCIAL SECURITY, DISABILITY AND MEDICARE TRUST FUNDS

Mr. SIMPSON. Mr. President, I cannot tell you how much I enjoy working with the Senator from Nebraska. He and I are going to involve ourselves in a bipartisan effort as a form of a national wake-up call. After the recess is concluded, we will introduce a series of bills which will deal with the real hard stuff in America, which is Social Security, Medicare, Medicaid, and Federal retirement. I cannot tell you how much I enjoy and respect and admire the Senator from Nebraska.

I have some remarks to make about Social Security. But in my limited time, and listening to the previous debate, I cannot help but reflect, as I listened to the rather dramatic presentation of how, apparently, I gather, Republicans love to be cruel to children and to veterans and to old people, how absurd and bizarre that is. That is the most stupefying type of debate to listen to.

It will really be interesting to see how everyone handles the tough votes, the ones that really count, when we try to do something which will assure the

future for veterans and the children and the old people; and that is to do something with the entitlement programs which are sucking it all up.

We here do not even vote on 68 percent of the Federal budget—no, that just goes out the door to people, regardless of their net worth or their income. Absolutely absurd.

All we are trying to do, at least in our party, is to slow the growth of the programs. There is not a "cut" in a carload here. We are not "cutting" anything. We are trying to slow the growth of programs. If the American people cannot understand that, well, get the other party back in power and start spending it up, because that is exactly where we are.

Let us look at that school lunch caper over there in the House. Do you know what they really did? They took a program going up 5.4 percent a year and said, "Let's let it go up only 4.5 percent a year and let the States handle it with flexibility and less administrative costs," which was then reported to the public as breaking catsup bottles over children's heads, and the prospect of swollen-bellied children in little school districts all over America starving to death. That is bosh; absolutely stupefying drivel.

So every one of these programs is going up, and we are trying to say, "slow the growth."

And try this one, because you will want to be ready for it when we do something to Medicare. And, brothers and sisters, we will do something to Medicare because it is going up 10.5 percent per year regardless of what we do. Then you can watch what happens when we do not allow it to go up 10.5 percent. We are going to let it go up probably 5 percent. The headline will be: "Congress slashes Medicare 50 percent." Be ready for that one.

When a 5-percent increase is described as a 50-percent cut, and it is believed the American people deserve exactly what they are going to get.

I keep hearing about Head Start. Guess what? Why not use the correct figures? Head Start is mentioned every single day as some kind of thing the Republicans love to chop on.

Well, here are the correct figures and they come from Democrats and Republicans alike in this body. In fiscal year 1990, \$1.6 billion; in fiscal year 1996, \$3.9 billion. So from fiscal year 1990 through fiscal year 1996, Head Start has more than doubled. It has had more than a 140-percent increase, and everybody knows it. If they do not, they are going to get exactly what they deserve.

It comes from a bent of being stupid about what is really happening in America.

The recent trustees' report on Social Security is another classic example of stupefying logic. We are now told that, instead of going broke in the year 2029, it will go broke in the year 2031. Is that not thrilling? Nearly the same numbers as last year; certain disaster. The facts all speak for themselves.

The trustees say Social Security will start running deficits in 2015 and go broke in 2031. Disability insurance is already running deficits and it will go broke in the year 2016. The Medicare trust fund will start running deficits in 1996, and will go broke in the year 2002. But have stout heart, because last year, it was to go broke in the year 2001. So this is cheerful news. It will now go broke in the year 2002. That is like a cancer patient being told, "You lucky fellow, you are going to have 6 months to live instead of 5."

The trustees go on to use phrases like "extremely unfavorable" and "severely out of financial balance" when talking about the Medicare trust fund. And the trustees urge that all these reforms be undertaken sooner rather than later.

So that is where we are. Doomsday dates, just about the same, using intermediate assumptions—not the best assumptions, not the worst—but the best "in between" estimate of what the future holds. And we know that they assume that the Consumer Price Index will hover between 3 and 4 percent until the year 2002 and will never go above 4 for the year 2070.

Yet one uptick in the Consumer Price Index of one-half of 1 percent will cost the Government about 7 billion bucks annually for Social Security alone. And if we were to see another few years of high inflation, as in the late seventies and early eighties when the CPI hit 13.4 percent, Mr. President, I say to my colleagues, only 1 year of that type of increase would cost the Government more than 126 billion bucks—1 year.

In light of this report, it is well to reflect on the real, honest-to-God reasons for exploding Federal spending. I know the AARP, the American Association of Retired People, hates to hear this, but it is time they do. That group is the 33 million people paying 8 bucks a year dues to do it. They are bound together by a common love of airline discounts and auto discounts and pharmacy discounts and all the rest. Here is what they do not want you to hear:

The growth of these programs is what is creating the true hazard in America. They have consistently argued that other than health care, entitlements are not growing faster than the rest of the GDP. That is simply wrong—it is a misapplication of fact—it is actually a lie. According to the trustees themselves, Social Security costs would grow from 4.2 of GDP in 1995 to 5.1 by 2020, and more than 5.7 by the year 2045. That is a 40-percent increase relative to the current share of GDP.

I hope when we listen to the debate and when the organs of the AARP and other senior groups begin to rap on us, that we remember that these nonprofit organizations have myriad and lucrative activities in which they engage. We will have them before the subcommittee, of which I chair, to tell us